



## PRESS RELEASE

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### **AG Gansler Secures \$8.5 Million Settlement with American Electric Power to Improve Air Quality in Maryland and Surrounding States** *Reducing sulfur dioxide emissions from AEP's Midwest power plants is chief goal; Maryland to receive over \$700,000*

**Baltimore, MD ( February 25, 2013)** - Attorney General Douglas F. Gansler announced today that Maryland, joined by seven other states, has reached an \$8.5 million settlement with Ohio-based American Electric Power (AEP), which has also agreed to reduce air pollution emissions to downwind states from its coal-fired electric power plants. The eight-state coalition, the U.S. Environmental Protection Agency (EPA) and numerous citizens' groups jointly negotiated the revised consent decree that enhances a 2007 air pollution settlement with AEP.

"With this agreement, we've accelerated a timetable that will help make Maryland's air cleaner for decades to come," said Attorney General Gansler. "Marylanders have been subjected to harmful emissions from out-of-state power plants for far too long. The 2007 agreement was historic in its size and scope and we just made it even better for the citizens of Maryland and the entire Mid-Atlantic region."

Under the terms of the consent decree filed with the U.S. District Court for the Southern District of Ohio, AEP and its subsidiaries must meet more stringent emissions reductions of sulfur dioxide (SO<sub>2</sub>) at its plants east of the Mississippi River. By 2029, AEP will also reduce its total SO<sub>2</sub> emissions by approximately 90 percent from its baseline emissions before the original 2007 settlement. This will have the effect of reducing annual SO<sub>2</sub> emissions by an amount equal to the SO<sub>2</sub> released from 28 million homes that burn home heating oil in cold-weather areas such as New England.

Under the modified consent decree, AEP will, over time, fund environmental mitigation programs designated by the Attorney General of up to \$714,000. Maryland, Connecticut, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont will share a total of \$6 million. An additional \$2.5 million in mitigation funds will go to citizen groups in Indiana for local environmental mitigation projects.

Before 2007, AEP's baseline SO<sub>2</sub> emissions totaled about 828,000 tons annually from its plants east of the Mississippi River. The modified consent decree prohibits AEP from emitting more than 145,000 tons of SO<sub>2</sub> annually by 2016 - an amount significantly lower than the reduction to

450,000 tons annually by 2010 required by the original settlement. The consent decree also requires AEP to further reduce annual SO<sub>2</sub> emissions to only 94,000 tons per year by 2029.

Sulfur dioxide contributes to the formation of sulfates and fine particulates that can cause or exacerbate respiratory illnesses in the most vulnerable populations, including the elderly and small children. It is also the principal contributor to acid rain, which can damage forests, destroy plant and animal life in lakes and other waterways, deteriorate buildings and monuments, and affect the condition of farmland.

AEP will be permitted to use alternative SO<sub>2</sub> removal technology at its power plant in Rockport, Indiana, for several years, saving the company more than \$1 billion in installation costs. In light of these savings, AEP will later be required to install state-of-the-art SO<sub>2</sub> controls and meet much more stringent emission limits at the plant. AEP has also agreed to enter into new contracts to purchase 200 megawatts of wind energy from facilities located in Indiana or Michigan over the next two years to help advance efficiency and renewable resources, and to promote cleaner air.

Enforcement efforts directed at polluting power plants began in 1999, largely in the Midwest and Southeast where plants operated without proper controls in violation of the federal New Source Review (NSR) program under the federal Clean Air Act. According to original complaints filed against AEP in 1999 and 2004, AEP violated the Clean Air Act by undertaking modifications without obtaining required permits or installing modern pollution controls. The case with AEP is the largest and most comprehensive NSR enforcement case to have been brought and settled nationwide.

In making the announcement, Attorney General Gansler thanked Assistant Attorney General Matt Zimmerman, who represents the Maryland Department of the Environment, for his work on the case.